

19_____ Jobs Credit

3524

Attach to your California tax return.

Name(s) as shown on return	Social security or California corporation number
Business address (number and street)	Federal employer identification number
City, town or post office, state and ZIP code	

[illegible]

2	Total qualifying wages. Add amounts in line 1, column (d)	2	
3	Multiply line 2 by 10% (.10)	3	
4	Flow-through jobs credit(s) from other entities (partnerships, S corporations, and fiduciaries).	4	
5	Total available jobs credit. Add line 3 and line 4	5	

Caution: Your credit may be limited. See the instructions for line 5. (No carryover is allowed.)

Note: The employer must retain approved certification forms for the above employees for audit purposes.

Instructions for Form FTB 3524

Jobs Credit

References in these instructions are to the California Revenue & Taxation Code (R&TC).

General Information

A Purpose of Form

Use form FTB 3524 to claim a credit for wages paid to employees certified by the California Employment Development Department (EDD) as qualified members of a targeted group.

You must attach form FTB 3524 to your tax return to claim this credit.

B Qualifications

California allows a credit equal to 10 percent of the wages paid to employees who are certified by EDD to meet the requirements of Section 328 of the Unemployment Insurance Code.

The credit is applied to wages paid to each qualifying employee during the 24-month period beginning on the date of employment. **A credit is not allowed for wages paid to an employee hired after 12/31/93.**

The credit applies only if, on or before the day the individual begins work for the employer, the employer:

1. received a certification from EDD; or
2. requested in writing a certification from EDD.

The credit also applies if a written preliminary determination is received from EDD on or before the day the individual begins work. The preliminary determination must state that the individual is a member of a targeted group. However, on or before the fifth day after the individual begins work, the employer must also meet condition 1 or 2 above.

If the certificate of employment is revoked by EDD, the credit does not apply to wages paid after the date the employer receives the notice of revocation.

The employer may contact any EDD office for assistance in determining eligibility and securing an approved certification form.

C Limitations

The credit does not apply to wages you pay in excess of \$3,000 to the same employee during your income or taxable year. The aggregate credit for each qualified employee cannot exceed

\$600, based on wages paid during the 24 month period beginning when the employee starts working for you.

The credit does not apply to wages paid to an individual who is, within the meaning of R&TC Section 17053.7(c) or Section 23621(c):

- a relative or dependent of the employer;
- a relative or dependent of a shareholder of the employer;
- a shareholder of the employer;
- a grantor, beneficiary or fiduciary of an estate or trust where the employer is the estate or trust; or
- a relative or a dependent of a grantor, beneficiary or fiduciary of the estate or trust.

The credit does not apply to wages paid to individuals hired before certification is received from EDD.

D Carryover

There is no provision for carryover of any unused credit.

E Miscellaneous

The credit does not apply to any wages paid for services of replacement workers during a strike or walkout.

The credit is in addition to any other deduction that the employer is entitled.

Other Job Credits

Employers conducting a trade or business within an enterprise zone or program area should see form FTB 3805Z, Enterprise Zone/Program Area Business Booklet.

Employers conducting a trade or business within the Los Angeles Revitalization Zone should see form FTB 3806, Los Angeles Revitalization Zone Booklet.

Employees of a trade or business within an enterprise zone should see form FTB 3553, Enterprise Zone Employee Credit.

Specific Line Instructions

Line 1 – Enter employees' names, starting dates and social security numbers in columns (a), (b) and (c) respectively. Enter the wages paid to the employee during your income or taxable year in column (d). The qualifying wages

cannot exceed \$3,000 per employee, per year.

Line 4 – If you have flow-through credit(s) from partnerships, S corporations or fiduciaries, add them together and enter the total on line 4. Attach a schedule showing the name(s) and identification number(s) of the entity(s) from which the credit(s) flowed through to you.

Line 5 – If part of this credit is from a passive activity see form FTB 3801-CR, Passive Activity Credit Limitations, or form FTB 3802, Corporate Passive Activity Loss and Credit Limitations, before entering the jobs credit amount on your return.

Partnerships and S corporations must prorate the jobs credit on line 5 among the partners or shareholders. Attach form FTB 3524 to the return, and on Schedule K-1 or K-1 NR show the credit for each partner or shareholder.

Estates and trusts must allocate the credit to the estate or trust and the beneficiary or beneficiaries in proportion to the income allocable to each. On the dotted line to the left of the amount on line 5, column (d), enter the estate's or trust's allocated portion of the total jobs credit. Label it "541 PORTION."

The amount of this credit you may claim on your tax return may be limited. Refer to the credit instructions in your tax booklet to see if there are any limitations on the amount of credit you may claim. These instructions also explain how to claim this credit on your tax return. If filing Form 540, Form 540NR or Form 541, you must use credit code number **166** to claim this credit.

The credit can not reduce the minimum franchise tax (corporations and S corporations), the alternative minimum tax (corporations, individuals and fiduciaries), the built-in gains tax (S corporations) or the excess net passive income tax (S corporations).

S corporations may claim only one-third of the credit against the 1.5 percent tax. In addition, one hundred percent of this credit may be passed through to the shareholders.